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## Spirit AeroSystems and IAM Achieve Historic Ten Year Labor Agreement

Wichita, KS - Industry observers say the new 10-year contract between the International Association of Machinists and Aerospace Workers and Spirit AeroSystems Inc. is a first for the industry. "It's safe to say that a 10-year contract is very unusual," says James Gregory, the Harry Bridges Endowed Chair of Labor Studies and a history professor at the University of Washington.



Aviation analyst Richard Aboulafia of The Teal Group says the 10-year deal will help build a level of trust between the company and its customers. "It's a very strong message, and it enhances Spirit's value as a partner," Aboulafia says. "It tells the customer there's minimal risk of unexpected cost increases or supply disruption as a result of a strike."

Spirit spokeswoman Debbie Gann says the contract provides stability that "is always a selling point" when working with customers or trying to hunt down new work.

According to the contract, "major programs being produced in the Wichita plant by IAM bargaining unit members will continue to be performed by IAM bargaining unit members" except under certain provisions, such as needing to shift work out of Wichita to make room for a new or expanded program.

Should Spirit begin to consider outsourcing Wichita work, the union can present an alternative business case. Under the scenario, Spirit must consider the maintenance of a "strong, highly skilled work force in Wichita," consistent with the intent of the contract, when it makes its decision, the contract said.

If customer demand fluctuates, Spirit also will have the flexibility to implement temporary furloughs, alternative work schedules, additional training, insourcing and short work weeks as a way to prevent layoffs.

### Other highlights of the proposal:

- 1 percent wage increases in four of the 10 years covered by the contract
- Cost-of-living adjustments
- Performance based incentive awards based on the same criteria as management
- Cash bonuses based on reduction of scrap and rework
- Long-term incentives of 150 shares of Spirit stock in the first year
- Lump sum cash payments in five additional years.
- Enhanced health care plan with the addition of a zero-cost plan
- Early retirement option and pension increases

## Spirit and IAM Achieve Historic Agreement (Continued)



*IAM President Tom Buffenbarger (left), Spirit AeroSystems CEO Jeff Turner (center) and former House Majority Leader and Spirit Board Member Richard Gephardt (right) take questions from union and company representatives prior to the start of formal contract negotiations. (IAM photo)*

"I think both parties are really pleased with where we are right now," said Spirit spokesman Evans said. "We're on the same team fighting for the same things. Those include job security, the opportunity to share rewards, stability and a long-term agreement."

For both sides at Spirit, it's "a groundbreaking new approach," said Spirit board member Dick Gephardt, former Missouri congressman and House majority leader.

At an extraordinary employee meeting in March 2010 before formal negotiations opened between Spirit and the union, Turner, Buffenbarger and Gephardt jointly addressed more than 500 managers and union shop stewards at the Wichita plant, selling hard the idea of a new relationship.

"I want 'The Fighting Machinists' at my side, not in my face," Turner told his employees, borrowing the union's own slogan. "I offer you my hand of trust," Turner added. "I ask you to trust me." Buffenbarger responded that he trusted Turner's vision for the company.

Cameron Hutchison, president of Hutchison Group, was intimately involved in helping secure this historic agreement. He also served as the chief negotiator for the original labor agreement with the IAM in 2005 when the former Boeing facility was purchased by Onex Corporation.

"It is very gratifying to see how senior leadership from both the company and union have worked together to fashion this extraordinary agreement," said Hutchison. He went on to say "In many respects this agreement was made possible by the time and energy both parties invested in recent years, creating an effective working relationship and a level of trust and mutual respect."



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